

State probes Panther school funds

By Lance Williams

Oakland Tribune/Eastbay TODAY

SEP 29 1982

The state Department of Justice has begun an investigation into alleged misuse of more than \$500,000 of state Department of Education grants made to an East Oakland school run by Black Panther Huey Newton, The Oakland Tribune/Eastbay TODAY has learned.

The probe of the grants, which funded both a child-care center and a free lunch program at the Oakland Community School on East 14th Street, began after FBI agents last April developed evidence indicating that the Black Panther leader was converting grant funds to his personal use, according to law enforcement sources.

A Department of Education audit of the books of the Panthers Educational Opportunity Corporation, which was ordered after the FBI report, found evidence of "substantial fiscal irregularities" in the two programs, according to Sigrid Bathen, aide to Wilson Riles, state superintendent of public instruction.

"As soon as (Riles) became aware of it, he ordered the funds cut off," Bathen said.

She said the department had paid out approximately \$270,000 to run the child care and lunch programs for the 1981-82 fiscal year when funding was stopped in June, and a similar amount in the previous year.

The audit, as well as all Department of Education records on the Panther school, have been turned over the Department of Justice investigators, according to Bathen.

In addition to the probe of the corporations' finances, law enforcement agents are also considering the legality of Newton's use of the school real estate to secure a \$100,000 bail bond to allow him to remain free on bail while appealing a conviction of

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Panther

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possession of a firearm by a felon.

According to Alameda County records, Newton deeded over the school property in July 1981, as security for a bail bond written by the Cotton Belt Insurance Co. of Los Angeles.

The Oakland Community School is registered as a tax-exempt, charitable organization, and use of it to secure bail appears to violate state legal guidelines for such institutions, law enforcement sources said.

A Department of Justice source said the state probe has been hampered because the education department has been slow to turn over the results of its audit to investigators.

Although the education department audit was completed in June, the justice investigators said they did not succeed in obtaining it and other relevant documents until this week.

The investigators said they will seek to supplement the audit material by subpoenaing bank records for both Newton and his wife, Gwen, and the Educational Opportunities Corporation in an effort to verify the FBI report that, in a series of transactions earlier this year, upwards of \$50,000

in grant money was deposited into Newton's personal checking account.

County records indicate that Newton is president of the EOC, and his wife is vice president.

The FBI will also be involved in the probe because some of the funds were from the federal government, the sources said.

The bigger of the two grants — for \$285,000 this year — was issued through the state's Office of Child Development. The smaller — for \$20,000 — involved federal funds administered by the state Office of Child Nutrition Services.

The EOC succeeded in obtaining the grants despite extremely poor performance on previous occasions when it was handling federal and state funds.

In 1978, the city of Oakland and Alameda County cut off funding for a series of grants totalling \$160,000 per year after audits of several EOC programs revealed multiple financial discrepancies and administrative mismanagement.

At the time, the EOC had received money from the Alameda County Criminal Justiced Planning Board to run a teen delinquency prevention program at the East Oakland school.

It was receiving other funds from the city's Community Services Administration for a senior citizens' assistance program and had a U.S. Department of Labor money for a summer program for poor children.

The 1978 audits found that EOC was using grant money to rent an expensive apartment for Robert Heard, a Newton bodyguard who is now in state prison in Massachusetts on a murder conviction.

Employees of the 1978 EOC programs also included Flores Forbes, who was accused of participating in a botched attempt to assassinate a prosecution witness in a murder case then pending against Newton.

Forbes fled after the incident and was finally arrested more than two years later. He is now in Contra Costa County jail awaiting a trial on murder charges in connection with the incident.

The audit also found numerous bookkeeping errors and discrepancies between signatures on employees' payroll checks and corresponding signatures on the same employees' job applications and tax-withholding forms. The discrepancies led auditors to believe that the payroll checks were being forged.

John Lenser, an Alameda County administrator charged with overseeing one of the grants, called the EOC's performance on the grants "completely unacceptable," and the city and county canceled them.

Despite that track record, the EOC nevertheless managed to land the big state grants for the child care programs.

When asked why the state Department of Education approved the grants to EOC in light of its previous performance, Bathen, Riles's aide, said, "I don't know if they were aware of that."

Bathen said department monitors had regularly reviewed the EOC programs.

"Evaluators didn't find anything wrong programatically," she said. "Fiscally there were problems."

Newton was convicted in 1978 of illegally possessing two handguns in an incident in which a tailor was brutally pistol-whipped in Newton's Oakland apartment. The tailor refused to testify in the trial, and Newton was acquitted of beating him.

Superior Court Judge Joseph Karesch has allowed Newton to remain free on bail pending an appeal in the federal courts.

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The East 14th Street school, long a center of Black Panther activity here, has apparently ceased operation. No children or teachers were there Wednesday afternoon, two days' worth of mail was in the mailbox and the school's listed telephone number was disconnected.

Efforts to reach Newton for comment were unsuccessful.

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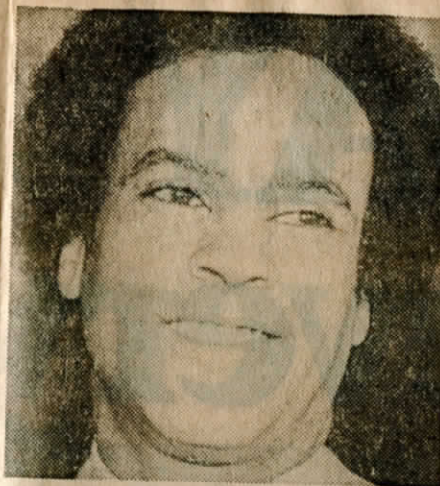
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Huey Newton

Use of school funds questioned

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Huey Newton charged in embezzlement, theft

WED APR 17 1985

By Paul Grabowicz
The Tribune

Black Panther Party founder Huey P. Newton has been charged by the California Attorney General's Office with grand theft and embezzlement of state money from a publicly funded school he formerly operated in East Oakland.

Newton, 43, was arrested at his Sayre Drive home in the Oakland hills Monday night on a nine-count felony complaint.

The complaint, filed in Oakland Municipal Court, accuses him of fraudulently obtaining \$42,875 in state education money for the school in 1982 and then diverting up to \$13,000 of it to his own use.

Deputy Attorney General Charles R.B. Kirk also said that when officers arrested Newton they found a shotgun

and a .45-caliber revolver at his house.

Kirk said he plans to file an additional charge against Newton today accusing him of being a felon in possession of a concealable weapon.

Newton, who currently is appealing a 1978 conviction for being a felon in possession of a concealable weapon, was released early yesterday morning on \$44,000 bail.

"I'm not guilty of any wrongdoing," Newton said in a phone interview at his home yesterday. "I'm pleading not guilty."

The charges filed Monday concern the defunct Oakland Community School, which was given \$620,000 in 1980-82 by the state Department of Education for child care and free

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complained that he would 'wind up in jail' if (Shuford) persisted," according to Anderly's declaration. Shuford resigned from the school on March 23.

The complaint charges that Newton then told the school's bank, First Interstate, that he planned to deposit the \$42,875 there and asked the bank to issue payroll checks to school employees.

The bank did so, according to the complaint, but later had to use its own money to cover more than \$10,000 of the checks because Newton never delivered the state money.

Instead, Newton and another official of the school, Mark Alexander, set up a new OEC account at Bank of America and deposited the \$42,875 there, according to the com-

ment figures, because he wouldn't know the relevance of inflating figures."

Hiestand said he was puzzled by the allegations involving First Interstate Bank, because "We've never heard from that bank."

Asked about the withdrawals from the Bank of America ac-



4,320
3,041
2,252
Kathleen Crawford
Susan Rosenthal
Rita Sklar
Ellyn Dixon-McCoy

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lunch programs.

The school was set up by the private, non-profit Educational Opportunities Corp., of which Newton was chief executive officer. The school closed in June 1982 after the education department cut off its funding.

The justice department's investigation began in April 1982 after a former employee of the school, William James Shuford, contacted authorities, according to the sworn declaration of California Justice Department Special Agent Ronald W. Anderly.

Shuford told authorities he discovered in March 1982 that the school had given the education department an inflated accounting of the number of children enrolled in its program and improperly received a \$42,875 subsidy as a result, according to Anderly's declaration.

When Shuford tried to look into the situation, "Newton complained that he would 'wind up in jail' if (Shuford) persisted," according to Anderly's declaration. Shuford resigned from the school on March 23.

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plaint. Newton and Alexander then withdrew a total of \$13,000 from that account.

In June 1982, when state auditors tried to look at the school's books, they were told by EOC employee Steven Long "there were no records, only ashes," according to Anderly's declaration.

"Newton and the other EOC employees present smiled when Long stated that the records had been destroyed in a fire," according to the declaration.

Newton said he did not want to discuss the specific allegations against him.

But Sacramento attorney Fred Hiestand, who was asked a year and a half ago by Newton to straighten out OEC's finances, said he believed Newton was innocent.

"Huey had no real involvement in the administration of the school," Hiestand said. "He wouldn't inflate (student enrollment) figures, because he wouldn't know the relevance of inflating figures."

Hiestand said he was puzzled by the allegations involving First Interstate Bank, because "We've never heard from that bank."

Asked about the withdrawals from the Bank of America ac-

count, Hiestand said Newton was employed as a consultant at the school and "did receive a salary."

Hiestand blamed the current charges on a "20-year war going on between the police and Huey."

Newton has been charged with grand theft in connection with the \$42,875 in state funds and four counts of embezzlement in connection with the money withdrawn from the Bank of America account.

Newton and Alexander each have been charged with grand theft and conspiracy to obtain money under false pretenses in connection with the funds advanced by First Interstate.

Newton, Long and another EOC employee, Ralph Leon Moore, have been charged with destruction of public records and conspiracy in connection with the fire.

Newton is scheduled to appear for arraignment in Oakland Municipal Court on April 23.

Moore, 45, was arrested yesterday at his Oakland home and has been released on \$8,000 bail. He is scheduled for arraignment today.

Authorities are still seeking Alexander, 32, and Long, 35, both of Oakland.

Ex-Panther Newton in court on charges of stealing funds

THU OCT 16 1986

By Harry Harris
The Tribune

The preliminary examination for former Black Panther Party leader Huey P. Newton on charges he embezzled state funds from a publicly funded community school he ran in East Oakland got under way yesterday in Oakland Municipal Court.

Newton is charged with 33 criminal counts, including grand theft, embezzlement, and concealing or destroying public records.

He and three other men are accused of using portions of \$600,000 paid by the state to the Oakland Community School between 1980-82 for their own benefit.

Two other defendants, Ralph Moore, and Clifford Steven Long, are charged with conspiracy to embezzle and destroying public documents. Another defendant, Mark Alexander, is charged with conspiracy to embezzle and grand theft.

In an opening statement, prosecutor Charles R. B. Kirk, a deputy state attorney general, charged that Newton was using some of the state monies for personal gain.

He also alleged Newton was wrongfully getting more money than he should have from the state by padding the enrollment



Huey P. Newton
Spent lunch hour in jail

figures at the school and falsifying the financial status of some of the parents.

The first prosecution witness was William James Shuford, an administrator at the school in February and March of 1982.

He testified that he found sections of two vouchers paid by the state to the school that he said Newton had claimed never arrived.

Shuford also testified that when he told Newton he wanted

to have a Sunday registration session for all students at the school to get information to satisfy state officials, Newton refused.

He said Newton told him the number of "registrants" in the school was not enough to substantiate records already on file with the state. Shuford testified that Newton told him if such a registration was held "(Newton) could go to jail."

Shuford said he quit in mid-March 1982 after Newton allegedly told him, "If I could not go along with the program to get ... out of there."

Newton's attorney, Barry L. Morris, called Shuford a "disgruntled employee who has a grudge."

Newton's troubles grew a bit yesterday when he had to spend the lunch hour in a holding cell after Judge Roderic Duncan issued a bench warrant for his arrest when he returned a few moments late from a morning recess.

The judge released Newton when court resumed in the afternoon.

Kirk said he expects to call 26 witnesses, including bankers and state education officials. The preliminary examination is expected to last at least until tomorrow.

School offers music to build on

SUN JUN 12 1994

By **Demetria Windless**

STAFF WRITER

OAKLAND — How do you keep kids out of the streets? If you ask Margaret Mell, she'll say music is the answer.

"What I am trying to do is build communities through the arts," said Mell, executive director of Oakland Community School of the Arts.

The school was created to provide accessible and diverse music instruction and public performances for its students.

It is housed in Lowell Middle School in West Oakland, a community rich in the cultural diversity typical of the city as a whole.

Kim Wilson, 14, who plays the clarinet with the Lowell Wind Ensemble through the arts school, says she is most proud of the fact that Lowell musicians are the only Oakland public school students to have

played with the Oakland East Bay Symphony.

Symphony conductor Michael Morgan recently led the arts school students in a performance.

"When Mr. Morgan and other professionals like him enter our classrooms, the students' eyes light up with delight and their full attention is given," said Mell.

"I play sports as well as being in the Community School of the Arts," said Anthony Varner, who plays the flute. "I want people to know that people in the band aren't sissies or wimps."

The arts can be a significant force for good, building cultural and socio-economic bridges within a community celebrating its diversity while creatively building unity among its peoples, according to the school's literature.

The school is seeking support for its projects through grants and donations from foundations, corpora-

tions, community and business organizations, as well as individuals. The school is a not-for-profit organization under state law and contributions may be tax-deductible, Mell said.

"I would like to start a summer camp for four weeks in July, but I need some business administrative person to help get things off the ground," she said. She believes that strong communities are built through partnerships among business, education and cultural elements.

"We at the Community School of the Arts want to leave our mark through art, not violence" Mell said.

